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Current Situation



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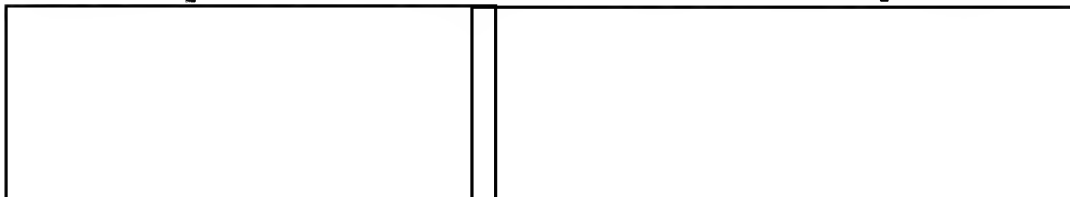
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CAMBODIA: The Communists maintained pressure on government forces along Routes 6 and 7 over the weekend, and more attacks are likely.

The airfield and several defensive positions in and around the provincial capital of Kompong Cham received mortar and rocket barrages and follow-up ground assaults on 14 and 15 November. Major elements of the Viet Cong 9th Division located east of the city are apparently involved in these enemy forays. [REDACTED]

[REDACTED] many Vietnamese Communist troops had crossed the Mekong last week and had boasted that the Communists would occupy Kompong Cham city by the end of November. The government, meanwhile, has dispatched four paratroop battalions to Skoun to help keep Route 7 open as far as Troeung.

To the west, the government's riverine operation to Kompong Thom has been expanded to include territory on the north shore of the Tonle Sap Lake.



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ITALY: The economy is showing signs of stabilizing after a year of labor unrest and inflation.

The government's tentative agreement with labor and political leaders on wide-ranging housing and health service measures has reduced the number of social protest strikes. As a result, industrial output in September rose by ten percent over September 1969, and production is now back to about the level achieved prior to last year's disruptive "hot autumn." Reported price increases since May, moreover, have been modest.

Given the current decline in labor discontent, the outlook for continued rapid growth in production in the last quarter is good. Accelerated industrial output makes it likely that official forecasts of a real GNP growth of 6.5 percent this year will be achieved.

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PERU: The economy is on the upswing from the doldrums of the first half of the year.

Industrial use of electric power has increased considerably, and good weather should increase agricultural output. Activity has been stimulated by large gains in exports, reconstruction after the May earthquake, and expanded public works programs. Moreover, last spring's forced conversion of private dollar holdings into sols increased available credit and fueled consumer demand.

The recent spurt in economic activity gives Peru a good chance to achieve the six-percent growth rate predicted for 1970 by the minister of economy. Although private investment remains depressed, widespread excess capacity in industry and large foreign reserves should prevent growth from being severely hampered over the next year or so.

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NOTES

COMMUNIST CHINA - PAKISTAN: Peking has extended an interest-free credit of about \$200 million to Pakistan to support Islamabad's economic development program. According to press reports, Pakistan will repay the credit with exports to China during the next 20 years, but will have an initial grace period of ten years. Further details are not available, but the agreement was evidently reached during the recent visit to China of President Yahya Khan and before the recent natural disasters struck East Pakistan. With the exception of the approximately \$400-million credit for building the Tan-Zam railroad, this is the largest credit for economic aid ever extended by China. Economic assistance credits previously extended Pakistan by China totaled \$107 million, of which about \$40 million has been drawn.

* * * *

UN - SOUTH AFRICA: The Africans are unlikely to make another attempt in the current General Assembly session to challenge South Africa's membership, despite the equivocal outcome of the Assembly vote last Friday on the annual report of the credentials committee. Although the Assembly narrowly adopted an African amendment to accept the report "except with regard to credentials of the representatives of the government of South Africa," it did so only after Assembly President Hambro had ruled that it would not affect Pretoria's rights and privileges in the Assembly. This ruling apparently persuaded many nations that a vote for the amendment would indicate disapproval of South Africa without leading to its expulsion or opening the gates to numerous membership challenges in the future. Under the UN charter, a two-thirds vote in the Assembly is required to recommend to the Security Council the expulsion of any member.

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URUGUAY: Serious personnel losses have evidently not crippled the Tupamaros, who last week organized what may be the largest bank robbery in history. Using a technique they had previously perfected, members of the group kidnaped three employees of the country's most important bank and used them to gain admittance to the bank. According to press reports, the nine participants escaped with some \$6 million in jewelry and \$48,000 in cash, bringing the total booty lost to the Tupamaros in robberies this year to more than \$7.4 million. The Tupamaros use these funds to finance their own activities, and in at least one case--Bolivia--they have passed some of the money to a similar terrorist group.

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